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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE FILING BY
TUCSON ELECTRIC POWER COMPANY
TO AMEND DECISION NO. 62103.

Docket No. E-01933A-05-0650

**RUCO's RESPONSE TO TEP/STAFF JOINT REQUEST
TO CHANGE PROCEDURAL SCHEDULE**

Pursuant to the February 6, 2007 Procedural Order, the Residential Utility Consumer Office ("RUCO") provides its response to the joint proposal of Tucson Electric Power Company ("TEP" or the "Company") and the Utilities Division ("Staff") to continue the hearing in this matter from February 20, 2007 to February 28, 2007. RUCO has no objection to continuation of the hearing so that parties can explore whether settlement of this matter would be possible, but RUCO requests that the hearing date be reset to no sooner than March 6, 2007.

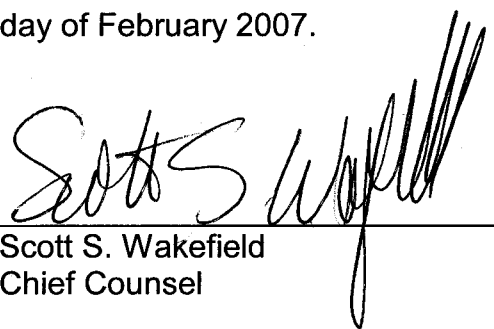
RUCO understands that Staff would like to extend to TEP the courtesy of accepting the utility's offer to engage in settlement discussions involving all parties. While RUCO may not be as optimistic that such discussions will ultimately prove successful as the Company may be, RUCO has no objection to engaging in such discussion, and RUCO will do so in good faith. However, RUCO requests that the hearing be continued slightly longer than TEP and Staff have requested.

1 TEP and Staff's request contemplates that the settlement negotiations will begin on
2 February 20, and will be concluded prior to the commencement of the hearing that they
3 request be convened on February 28. Continuing the hearing only eight days would require
4 parties to both attend what would apparently be daily settlement discussions (which are
5 contemplated to take place in Tucson), and to engage in hearing preparations. With daily
6 settlement negotiations taking place in Tucson, RUCO would not even be able to utilize any
7 break times in negotiations to engage in hearing preparations. Further, parties should not be
8 expected to invest the substantial resources necessary to prepare for a hearing prior to
9 negotiations taking place, as it could likely result in those preparation efforts ultimately proving
10 to be wasted. This is a critical concern for a small government agency such as RUCO with
11 very limited resources. Beyond that, parties that have already invested time in detailed
12 hearing preparations would have less incentive to reach a settlement. To maximize the
13 likelihood of productive negotiations, the parties should not be expected to have completed
14 their hearing preparations before even sitting down at the settlement table. In addition,
15 RUCO's witness' availability between February 28 and March 5 is severely limited. RUCO
16 would be disadvantaged if its witness was not present for at least the entirety of TEP witness
17 Pignatelli's testimony that would precede hers.

18 In conclusion, RUCO does not object to the continuation of the hearing so that parties
19 can explore the possibility of settlement of this matter. However, RUCO requests that the
20 hearing be continued until no earlier than March 6, 2007.

1 RESPECTFULLY SUBMITTED this 12th day of February 2007.

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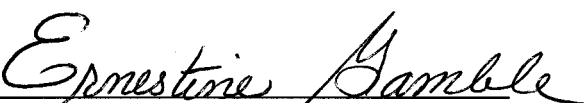
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